

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS

United States Courts
Southern District of Texas
FILED

NOV 25 2024

In re:
COMPUTE NORTH HOLDINGS, INC.,
et al.,
Debtors.

Case No.: 22-90273
(Jointly Administered)

Nathan Ochsner, Clerk of Court

Judge: Honorable Judge Marvin Isgur

**PLAINTIFF'S MOTION TO STAY DISTRIBUTION OF FUNDS TO
TOUZI CAPITAL LLC**

COMES NOW Plaintiff Vince Faridani (Pro Se), by and through this motion, respectfully requests that this Honorable Court issue an order staying the distribution of funds to Touzi Capital LLC or any related parties pending the resolution of Plaintiff's claims in ongoing litigation. In support of this motion, Plaintiff states as follows:

INTRODUCTION

Plaintiff brings this motion to protect funds designated for distribution to Touzi Capital LLC in the Compute North bankruptcy proceedings. Defendants Eng Taing and Touzi Capital LLC are currently embroiled in multiple lawsuits alleging fraud, mismanagement of investments, breach of fiduciary duties, and other misconduct. Despite numerous attempts to serve Defendants, including court-authorized alternative service, they have refused to respond or engage with the litigation. Plaintiff seeks an order staying distribution to ensure the funds remain available to satisfy potential judgments and to prevent irreparable harm caused by dissipation or concealment of these assets.

FACTUAL BACKGROUND

1. **Amended Complaint Filed:** Plaintiff has filed an Amended Complaint in the United States District Court for the Northern District of Illinois alleging Federal Securities

Fraud, breach of contract, and related claims against Touzi Capital LLC and its CEO, Eng Taing, among other defendants. (Case No.: 1:24-cv-08030). [See Exhibit A].

2. **Alleged Fraudulent Scheme:** Plaintiff's claims stem from a fraudulent cryptocurrency investment scheme orchestrated by Defendants, resulting in significant financial losses for Plaintiff and other investors.
3. **Bankruptcy Claim:** Touzi Capital LLC is a claimant in the Compute North bankruptcy proceedings and is expected to receive substantial funds through the distribution plan approved by this Court.
4. **Risk of Dissipation:** Plaintiff is concerned that Defendants, if allowed to receive these funds, will transfer or conceal them, rendering recovery impossible and undermining the judicial process.
5. **Supporting Litigation:** Defendants Eng Taing and Touzi Capital LLC are involved in multiple active lawsuits, including:
 - o *McKenna Capital, LLC et al. v. Eng Taing et al.*: Plaintiffs alleged financial mismanagement involving bitcoin mining machines and funds.
 - o *Faridani v. McKenna Capital LLC et al.*: Plaintiff's current case involving securities fraud allegations against Touzi Capital LLC and Eng Taing.
 - o *GC Data Center Granbury, LLC v. Touzi Capital, LLC*: Filed in December 2023, alleging breach of contract related to cryptocurrency mining equipment and hosting services.
6. The existence of these lawsuits underscores a consistent pattern of alleged fraudulent conduct and financial mismanagement by Defendants. Allowing the distribution of funds

to Defendants without safeguards risks enabling further misconduct and depriving Plaintiff and other creditors of rightful recovery.

SERVICE ISSUES AND NON-COMPLIANCE

Plaintiff made repeated good-faith attempts to serve Defendant Eng Taing and Touzi Capital LLC, including personal visits to Eng Taing's residence. Despite these efforts, no one at the residence was willing to accept or sign for service of process. Recognizing the challenges, the United States District Court for the Northern District of Illinois granted Plaintiff permission to serve Defendants through alternative methods. **[See Exhibit B].**

Plaintiff properly effectuated service through the court-authorized alternative route, ensuring that both Eng Taing and Touzi Capital LLC received notice of the litigation. However, Defendants have willfully refused to respond or acknowledge the lawsuit, demonstrating a blatant disregard for judicial authority. This evasive behavior underscores the risk of asset dissipation and the need for immediate court intervention.

IMPORTANCE OF STAYING DISTRIBUTION

Staying the distribution of funds to Touzi Capital LLC is crucial to preserve the integrity of the bankruptcy process and to prevent irreparable harm to Plaintiff and other creditors. The distribution of funds at this stage would:

1. **Render Plaintiff's Claims Futile:** Funds distributed without safeguards may be transferred or concealed, leaving Plaintiff unable to recover damages even if a judgment is entered in his favor. (*See In re Adelphia Communications Corp.*, 361 B.R. 337 (S.D.N.Y. 2007), illustrating the court's discretion to stay distributions in cases of alleged fraud.)
2. **Undermine Public Confidence:** Allowing Defendants with a history of alleged fraud and mismanagement to benefit from the bankruptcy process would undermine trust in the

judicial system and incentivize further misconduct. (*See In re Tribune Co.*, 477 B.R. 465 (Bankr. D. Del. 2012), *acknowledging the risks of harm and the importance of maintaining judicial integrity.*)

3. **Frustrate Judicial Oversight:** This Court has the authority and responsibility to ensure that bankruptcy distributions do not facilitate further fraud or shield Defendants from accountability. (*See In re Continental Airlines, Inc.*, 91 F.3d 553 (3d Cir. 1996), *affirming the court's equitable power to manage distributions in bankruptcy proceedings.*)

LEGAL ARGUMENT

1. **This Court Has Authority to Stay Distribution**

Under 11 U.S.C. § 105(a), this Court has broad equitable powers to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." The court's authority to issue stays has been affirmed in *In re Continental Airlines, Inc.*, 91 F.3d 553 (3d Cir. 1996), where the Third Circuit upheld the bankruptcy court's ability to preserve the integrity of the process and protect creditors' interests.

2. **Likelihood of Success on the Merits**

Plaintiff's detailed Amended Complaint alleges substantial fraudulent conduct by Defendants, including securities fraud, breach of contract, and unjust enrichment. These claims are supported by evidence of material misrepresentations and mismanagement of investor funds, demonstrating a strong likelihood of success on the merits.

3. **Irreparable Harm Will Occur Without a Stay**

If the funds are distributed to Touzi Capital LLC, there is a significant risk that they will be transferred, dissipated, or concealed. *In re Energy Future Holdings Corp.*, 575 B.R. 616 (D.

Del. 2017) emphasizes the necessity of staying distributions to prevent irreparable harm to creditors and maintain the status quo during ongoing litigation.

4. Balance of Equities Favors Plaintiff

The balance of equities strongly supports granting a stay. A stay merely preserves the status quo, while allowing distribution would undermine Plaintiff's recovery efforts and reward Defendants' evasive conduct.

5. Public Interest Supports a Stay

Granting this motion aligns with public policy by preventing misuse of bankruptcy distributions and ensuring accountability for alleged fraudulent behavior. The court in *In re Tribune Co.*, 477 B.R. 465 (*Bankr. D. Del. 2012*) underscored the importance of protecting creditors' interests and ensuring fair treatment during bankruptcy proceedings.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court:

1. Issue an order staying the distribution of funds to Touzi Capital LLC, Eng Taing, and related entities or individuals and directing that such funds remain in escrow or under the control of the Plan Administrator until Plaintiff's claims are fully resolved.
2. Impose a limited asset freeze to prevent the transfer, dissipation, or concealment of any distributed funds.
3. Require Touzi Capital LLC to provide a detailed accounting of all funds it has received or expects to receive from Compute North LLC.
4. Direct the Plan Administrator to withhold any distributions to Touzi Capital LLC until further order of this Court.

5. Schedule an expedited hearing to address the urgent nature of this motion and permit Plaintiff to attend electronically via videoconference or telephone, given Plaintiff's location in Florida.
6. Grant such other and further relief as the Court deems just and proper.

Dated: November 19, 2024.

Respectfully Submitted,

/s/ Vince Faridani
Vince Faridani
Pro Se Plaintiff
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Melbourne, FL 32940
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CERTIFICATE OF SERVICE

I, Vince Faridani, pro se Plaintiff, do hereby certify that a true and correct copy of Plaintiff's Motion for Default was sent by UPS mail on November 19, 2024 to the United States Bankruptcy Court for the Southern District of Texas, P.O. Box 61010, Houston, TX 77208.

/s/ Vince Faridani
Vince Faridani
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November 19, 2024

The Honorable Judge Marvin Isgur
United States Bankruptcy Court
for Southern District of Texas
515 Rusk Avenue
Houston, TX 77002

United States Courts
Southern District of Texas
FILED

NOV 25 2024

Nathan Ochsner, Clerk of Court

Dear Honorable Judge Marvin Isgur,

I am writing to this Court to respectfully submit my Notice of Pending Litigation and Plaintiff's Motion to Stay Distribution of Funds to Touzi Capital LLC in relation to Case No. 22-90273. I am filing a Notice of Pending Litigation to let this Court know that I filed a case against Touzi Capital, LLC and its CEO Eng Taing in the United States District Court for the Northern District of Illinois, Case No. 1:24-cv-08030 and a Motion to Stay Distribution of Funds with the intent to protect funds designated for distribution to Touzi Capital LLC in Case No. 22-90273.

Enclosed with this letter, please find a copy of the Notice and Motion I am requesting to be filed in Case No. 22-90273.

I am available to provide any additional information or clarification as needed. Thank you for your time and consideration.

Sincerely,

/s/ Vince Faridani

Vince Faridani
Pro Se Plaintiff